

JUL 15 1982

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] or [REDACTED].

Your purposes, as stated in your Articles of Incorporation, are to develop community awareness among the members of the corporation; to encourage common assistance and cooperation among members of the corporation in merchandising products and services in [REDACTED]; to promote [REDACTED] Plaza, the businesses located within the plaza and the businesses located within [REDACTED], [REDACTED].

Your activities include an annual meeting in [REDACTED] each year and regular meetings of the membership each two months. Meetings consist of business and promotional planning sessions for the merchants. Your income is from membership dues and fees, and expenditures are primarily for advertising and promotion.

Tenants of [REDACTED] Plaza Shopping Center are required to belong to the merchants association by the terms of their leases. [REDACTED] Development Company is a full member of the corporation and is not subject to suspension or expulsion from membership. Voluntary and honorary members are admitted to membership by a 2/3 vote of the membership of the association. Your membership consists of [REDACTED] regular members and no honorary members.

Section 501(c)(4) of the Internal Revenue Code provides for the exemption from Federal income tax of organizations not organized for profit, but operated exclusively for the promotion of social welfare.

CODE	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
SUB NAME							
DATE	7 1 82						

[REDACTED]

In Revenue Ruling 78-36, 1978-1, C.B. 152, it was held that an organization established by merchants to operate a public off street parking facility at free or reduced rates for the merchants' customers is not exempt under section 501(c)(4) of the Code. Although there may be some public benefit, the organization serves the private interests of the merchants by encouraging the public to patronize their stores. It is not operated primarily for social welfare purposes.

Based on the information submitted, we have determined that your primary purposes and activities are directed toward promoting the business interests of your members, and you are not operated primarily for social welfare purposes.

Accordingly, it is held that you are not entitled to recognition of exemption from Federal income tax under section 501(c)(4) of the Code. You are required to file Federal income tax returns on Form 1120 for each year you have been in existence.

We are not ruling on your qualification for exemption under any related paragraph of Internal Revenue Code 501(c).

If you accept our findings, you do not need to take further action.

If you do not accept our findings, we recommend that you request a conference with the Office of Regional Director of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at our Regional office or, if you request, at any mutually convenient District office.

If we do not hear from you within 30 days from the date of this letter, this ruling will become final. If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

[REDACTED]
District Director

Enclosure:
Publication 932